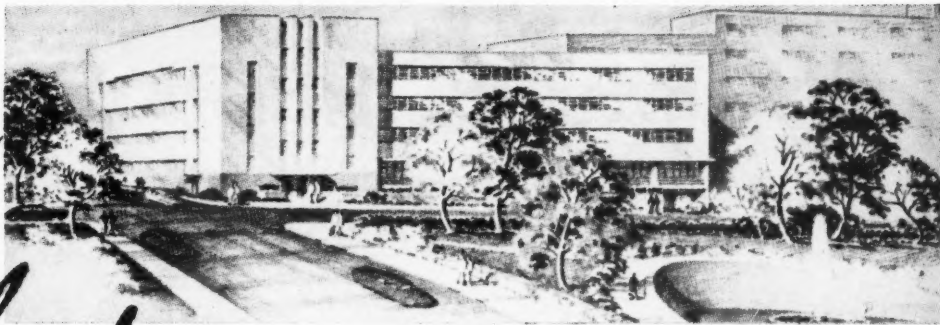


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"Help Wanted Ads"—A Sensitive Index of Business Sentiment

Business analysts and businessmen look upon employment statistics as one of the most vital indicators of prosperity or recession. One of the most serious problems affecting the use of much employment data, however, is the time lapse involved between the period covered by such statistics and the date of their release. In other words, even though available statistics on employment are most reliable indicators of the direction business activity has taken, their usefulness as a tool for predicting near future activity is limited by their relatively slow-moving nature.

The Division of Research, School of Business Administration, Atlanta Division, University of Georgia, has initiated a statistical series based on the number of "Help Wanted Ads" published each month by both the *Atlanta Journal* and the *Atlanta Constitution* newspapers. Data has been furnished by these papers for this purpose, and current data is made available ten days after the end of the month covered.

Inasmuch as certain "Help Wanted Ads" were duplicated in the two newspapers, the simple average of the monthly totals of such ads was computed to arrive at a single figure for the newspapers combined. This technique was used for the data prior to 1951. Beginning in 1951 the number of such ads has been the same for each newspaper. The number of "Help Wanted Ads" for each month was then expressed as a per cent of the average of such monthly data covering the period 1947-1949.

Plotted on the accompanying chart along with the monthly index of "Help Wanted Ads" are these same

percentages expressed as the average month in each quarter. This treatment tempers the extremely sensitive nature of the monthly data and reduces the influence of occasional five-Sunday months. The resulting series is more nearly representative of the forces at work behind it than the monthly data. In addition, the general direction of movement is more readily apparent.

Despite the general nature of the data, these basic but crude statistics furnish a very interesting picture of business planning and possible trends in employment in the Atlanta area. The quarterly data might prove to be the more reliable for forecasting purposes.

The businessman and/or the analyst will note the seasonal nature of the data, and allowances should be made in any short-term forecasts based on such statistics. Eventually, the Division of Research will compute an index of seasonal variation and will publish adjusted data, i.e., statistics which take into account the usual seasonal changes.

Another point which must be taken into account is the fact that some monthly data is based on a five-Sunday month which in itself will distort the picture to some extent. *However, if the data on the number of "Help Wanted Ads" is used with due caution and common sense, the local businessman has before him an effective tool—at least for short-term forecasting.*

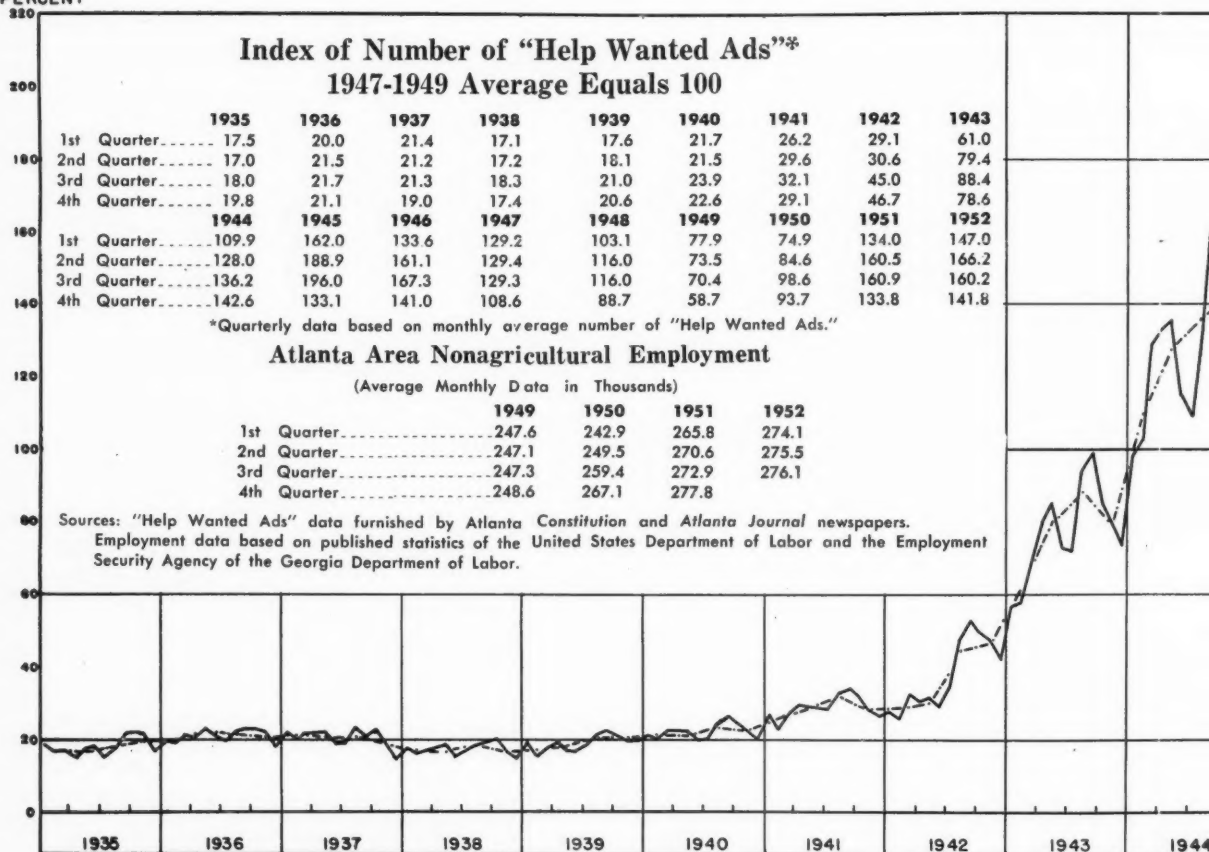
Inasmuch as nonagricultural employment estimates for the Atlanta area go back no farther than 1949, there is very little historical material available with which to correlate the "Help Wanted Ads." Preliminary work was started in this respect by plotting on the accompanying chart average monthly nonagricultural employment in the Atlanta area by quarters.

By comparing the quarterly index of "Help Wanted

INDEX OF "HELP WANTED ADS" AT ATLANTA CONSTITUTION

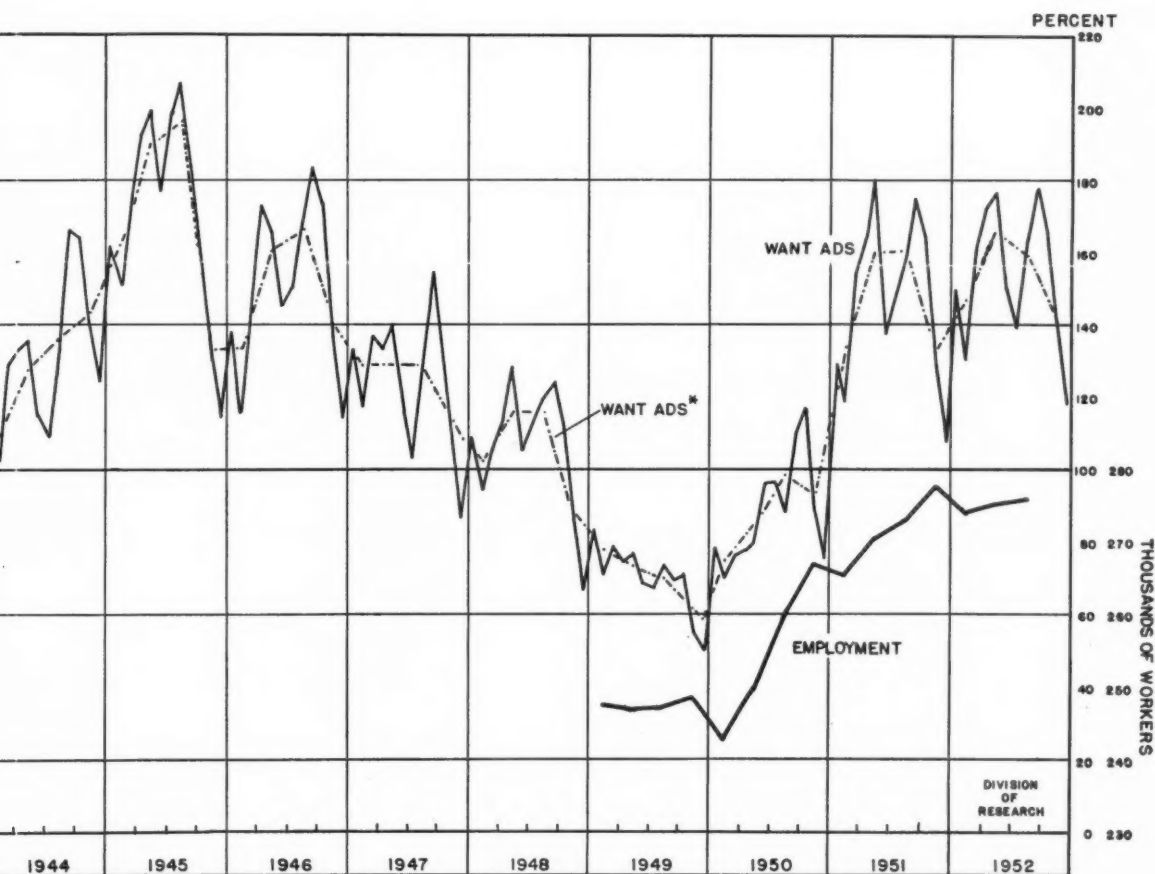
(1947-1949 Average Equals 100)

PERCENT



WANT ADS," ATLANTA JOURNAL, CIRCULATION, 1935-1952

(Average = 100)



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Ads" with the actual monthly nonagricultural employment statistics (which have been reduced to average monthly data per quarter) there is a remarkable lag of one quarter. In other words, if the index of "Help Wanted Ads" shows a rise during one quarter, the actual employment monthly average on a quarterly basis shows this tendency during the following quarter.

There is much room for considerable improvement in analysis and technique with regard to the study of newspaper "Help Wanted Ads." Nevertheless, here is an indicator of business sentiment and planning which might prove very useful.

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